

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES *

October 26, 2016

AGENCY MEMBERS PRESENT

Doolittle, Robert S., Chair
Mills, Thom, Vice-Chair
Korth, Paul
Taylor, Todd
Fleming, Martin, M.D.
Grandy, Joe
Ridgway, Corey
Gaither, Keith, designee for the TennCare Director
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance
Harding, Jaclyn, designee for the Comptroller of the Treasury

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Ausbrooks, Mark, Administrative Assistant III
Christoffersen, Jim, General Counsel
Craighead, Alecia, Statistical Analyst III
Earhart, Phillip, HSD Examiner
Farber, Mark, Deputy Director
Finchum, Rhonda, Administrative Officer

COURT REPORTER

Daniel, April

GUESTS PRESENT

Baker, Graham, Esq., Anderson and Baker
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Brown, Catondria, CFO, Premier HealthCare
Brown, Ryan, Esq., General Counsel, MTI
Burchfield, Joe, Senior Vice President, THA
Caldwell, Matt, CEO, Tennova-Lebanon
Calendine, Chad, MD, President, MTI
Carpenter, Emily, Vanderbilt University Medical Center
Cunningham, Chris, Account Executive, Saint Thomas Health Services
Deal, Chris, Captain, Rutherford County Sheriff's Office
Duncan, Bruce, Assistant Vice President, National HealthCare Corporation
Elrod, Dan, Esq., Butler Snow
Estes, Blake, Executive Director, Planning, Saint Thomas Health Services
Felts, Ginna, Business Development, Vanderbilt University Medical Center
Ferguson, Gordon, CEO, Saint Thomas Rutherford Hospital
Ferguson, Michael, Division CFO, Acadia Healthcare
Fitzgerald, Bryce, Esq., Kramer Rayson, LLP
Foley, Mary Ellen, Project Director, CareAll Home Care Services
Forrest, Randy, Government Relations Officer, CareAll Home Care Services
Forte, Billy, VP, USPI
Gaw, Mary, CFO, MTI
Gooch, Warren L., Esq., Kramer Rayson, LLP
Gregory, Audrey, CEO, Saint Francis Hospital Memphis
Griffin, Christi, Esq., Griffin Law
Grimes, Al
Guroshans, Adam, Tennova-Lebanon
Kimbell, Kevin, Senior Analyst, The Strategy House

King, Ashley
Kramm, Ted, CEO, AxelaCare Health Solutions, LLC.
Kroplin, Matt, Esq., Burr & Forman
Limyansky, Bob, Partner, The Strategy House
Locke, Chris, CEO, Saint Francis Hospital Bartlett
Looney, Kim, Esq., Waller Lansden
Matthews, George, MD, Trustpoint Hospital
Merville, LaDonna, Vice President, Hospital Alliance of Tennessee
Morales, James, Tennova
Mowen, David, CSO, AxelaCare Health Solutions, LLC.
O'Neal, Anna Gene, CEO, Alive Hospice
Perkins, Dennis, RN, AxelaCare Health Solutions, LLC.
Phillips, Brant, Esq., Bass Berry & Sims
Radebaugh, Laura, Manager, Tennova Healthcare
Reddish, Reina, Director of Government Affairs, THCA
Reed, Ann, R., RN., BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
Rollins, Chris, Strategy, Saint Thomas Health Services
Sales, Peter, Esq., Bradley Arant Boult Cummings, LLP
Sandlin, Troy, Regional Services Director, AxelaCare Health Solutions, LLC.
Sims, Amber, CSO, Saint Thomas Health Services
Smith, Shannon, Vice President, Lebanon One Medical Properties
Tabor, Owen, MD, Saint Francis Hospital Memphis
Tally, Sarah, Esq., Bone McAllester Norton PLLC
Tamene, Michelle Hartmaan, Esq., VP and General Counsel, AxelaCare Health Solutions, LLC.
Taylor, Jerry W., Esq., Burr & Forman
Trauger, Byron, Esq., Trauger and Tuke
Turner, Brent, President, Acadia Healthcare
Vetter, Stacia, Assistant Vice President, National HealthCare Corporation
West, William H., Esq., Baker Donelson
Woods, Jeffrey, CEO, Trustpoint Hospital

ROLL CALL TO ESTABLISH QUORUM

Chairman Doolittle requested a roll call to establish a quorum.

PRESENT: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle

Ten members were present.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill made the following general announcements:

- 1) Instructions were provided for those providing testimony on scheduled agenda items. Compass Intervention Center was deferred to the December meeting;
- 2) The Agency will not meet in November. The Agency will meet again on December 14th at Legislative Plaza. The tentative schedule for 2017 is February 22nd, April 26th, June 28th, August 23rd, October 25th, and December 13th. This is subject to change.

APPROVAL OF MINUTES

Chairman Doolittle presented the August 24, 2016 minutes for approval.

Mr. Mills moved for approval of the minutes as presented. Ms. Jordan seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

STATE HEALTH PLAN UPDATE

Melanie Hill noted that neither State Health Planning Director Jeff Ockerman nor Assistant Director Elizabeth Jones were able to attend and read the following update from Mr. Ockerman into the record:

1. The 2015 update to the State Health Plan was approved and adopted by the Governor on September 29th, 2016. This update has been posted to Health Planning's website.
2. The draft organ transplant standards are out for comment. This round should be the final one.
3. The draft freestanding emergency department standards will be sent out late this week or early next week. These standards have been sent out several times and extensive meetings have taken place, and we expect this draft will be the last one sent out for comments. Once both of these drafts are in final form, these will be submitted to the Governor for approval and adoption.
4. In addition, Health Planning is conducting public and stakeholder meetings on what public health measures should be used in Tennessee instead of relying only on America's health rankings. It is believed that health trends can be better managed and tracked with a Tennessee specific set of measures. Additional workshops can be arranged by request.

CONSENT CALENDAR APPLICATIONS

Melanie Hill summarized the following Consent Calendar Applications:

VIP Home Nursing and Rehabilitation Service, LLC d/b/a CareAll Home Care Services, Nashville (Davidson County), TN – CN1608-028

Mr. Mills recused.

The addition of six counties (Maury, Giles, Lawrence, Wayne, Lewis, and Hickman) to the existing 22 county (Bedford, Cheatham, Davidson, Rutherford, Williamson, Wilson, Clay, Cumberland, Jackson, Overton, Putnam, Macon, Robertson, Sumner, Smith, Trousdale, Dekalb, Van Buren, Warren, White, Perry, and Cannon Counties) service area of VIP Home Nursing and Rehabilitation Service d/b/a CareAll Home Care Services located at 4015 Travis Drive, Suite 102, Nashville, TN 37211. The estimated project cost is \$21,000.

Ms. Hill noted at the time the application entered the review cycle, it was unopposed. She also noted it continued to be unopposed and that it met the statutory Certificate of Need criteria as follows:

Need - The need to add Maury, Giles, Lawrence, Wayne, Lewis, and Hickman Counties is based upon the need to consolidate services in Middle Tennessee to create a more efficient organizational structure due to the anticipated 1 percent payment reductions by Medicare and TennCare, which are anticipated to be effective in 2017;

Economic feasibility - The project is economically feasible with only minimal costs associated with legal and administrative fees and moving costs. It will be funded through the cash reserves of VIP Home Nursing and Rehabilitation Services doing business as CareAll Home Care Services. The current ratio is .12 to 1, but the applicant has indicated \$3,026,912 of the total liabilities of \$3,342,180 are loans from CareAll, LLC, and CareAll Management, LLC; and since both are family owned and not threats to operating cash, the family is willing to defer obligations;

Healthcare that Meets Appropriate Quality Standards - It appears that this will be met based upon CareAll's assertion that it has an extensive quality assurance of a performance improvement program in place to ensure regulatory compliance. According to the applicant, it is evaluated continually and improvement activities are initiated as needed. Additionally, CareAll is subject to an enhanced and extended corporate integrity agreement;

Contribution to the Orderly Development of Healthcare - The project contributes to the orderly development of healthcare since the addition will fill a longstanding gap in the service area of the home health agency and make the entire service area contiguous. However, that alone is not a reason to approve it. With a revenue projected to be 51 percent Medicare and 44 percent TennCare, the consolidation of services between VIP Home Nursing and Rehabilitation Services and Maxlife at Home will reduce administrative costs at a time when reimbursement is being reduced; therefore, making it both more financially viable and available to the patients that depend upon both agencies.

Mr. Grandy moved for approval of the project based on Ms. Hill's justification with the following **CONDITION**: Maury, Giles, Lawrence, Wayne, Lewis, and Hickman Counties be concurrently delicensed from the service area of Maxlife at Home doing business as CareAll.

Ms. Harding seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

**Maxlife at Home of Tennessee LLC d/b/a CareAll Home Care Services, Nashville (Davidson County), TN
- CN1608-029**

Mr. Mills recused.

The relocation of the applicant's principal office from 900 Nashville Highway, Columbia (Maury County) to 4015 Travis Drive, Suite 103, Nashville, TN 37211. The relocation will occur with the surrender of Maury, Giles, Lawrence, Lewis, Wayne, and Hickman Counties from the service area and the transfer of these six counties to the applicant's sister agency VIP Home Nursing and Rehabilitation Service, d/b/a CareAll Home Care Services. The remaining service area will consist of Cheatham, Davidson, Rutherford, Williamson, Robertson, Sumner, Hardin, McNairy, Decatur, Perry, Humphreys, and Wilson. The estimated project cost is \$67,054.88.

Ms. Hill noted at the time the application entered the review cycle, it was unopposed. She also noted it continued to be unopposed and that it met the statutory Certificate of Need criteria as follows:

Need - The need to relocate the principal home health office from Columbia in Maury County to Nashville in Davidson County is two-fold. The principal office is located in Maury County, which is one of the six counties Maxlife at Home of Tennessee doing business as CareAll proposes to surrender; and two, the need to consolidate services in Middle Tennessee to create a more efficient organizational structure is due to the anticipated 1 percent payment reduction by Medicare and TennCare, which are anticipated to be effective in 2016;

Economic feasibility - The project is economically feasible and will prove the Agency's bottom line. The only costs associated with the project are the CON fee, lease, legal, and administrative fees. It will be funded through the cash reserves of Maxlife at Home of Tennessee doing business as CareAll Home Care. The relocation will result in approximately \$18,500 reduction in lease payments. According to the applicant, if the Agency approves the addition of the six counties to the service area of VIP with the surrender of the same counties from the Maxlife service area, the consolidation will achieve a cost reduction of 180,000 due to the elimination of four administrative positions at Maxlife;

Healthcare that Meets Appropriate Quality Standards - It appears that this will be met based upon CareAll's assertion that it has an extensive quality assurance and performance improvement program in place to ensure regulatory compliance. According to the applicant, it is evaluated continually and improvement activities are initiated as needed. Additionally, CareAll is subject to an enhanced and extended corporate integrity agreement;

Contribution to the Orderly Development of Healthcare - The project contributes to the orderly development of healthcare since the consolidation will reduce administrative costs without negatively impacting patient care. The removal of the counties from the service area makes the service area noncontiguous. However, according to the applicant, it does not anticipate any staffing issues or problems with the change resulting in a noncontiguous service area. CareAll has invested in a sophisticated electronic record system which will enable adequate staff communications and operational monitoring of services. The company has in place staff recruitment procedures, which will continue to ensure adequate staffing in all CareAll service areas. With revenue projected to be at 94 percent TennCare and 2 percent Medicare so it can maintain participation in TennCare private duty contracts, the consolidation of services between Maxlife and VIP will reduce administrative costs at a time when reimbursement is being reduced, therefore, making both more financially viable and available to the patients that depend on both agencies.

Ms. Harding moved for approval of the project based on Ms. Hill's justification with the following **CONDITION**: Maury, Giles, Lawrence, Wayne, Lewis, and Hickman Counties be delicensed from the service area.

Ms. Jordan seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON Applications:

Tennessee Orthopedics, P.C., Lebanon (Wilson County), TN – CN1605-019

Mr. Ridgway recused.

The establishment of multi-specialty ambulatory surgical treatment center (ASTC) to be located in leased space at 101 Physicians Way, Lebanon (Wilson County), TN 37090. The ASTC will include three operating rooms and one procedure room. The estimated project cost is \$2,726,676. **OPPOSITION**: Tennova Healthcare – Lebanon (f/k/a University Medical Center) and Lebanon Medical Properties, LLC. **DEFERRED FROM AUGUST MEETING.**

William West, Esq., Christi Griffin, Esq., and Roy Terry, M.D., Tennessee Orthopedics, P.C., addressed the Agency on behalf of the applicant.

Speaking in support was Alisa Bowersock, D.O., Women's Health, Lebanon, TN.

Speaking in opposition were Michael Brent, Esq., on behalf of Lebanon One Medical Properties and Matt Caldwell, CEO, Tennova Healthcare, Lebanon.

William West, Esq., rebutted.

Michael Brent, Esq., provided opposition summation.

Christi Griffin, Esq., provided applicant summation.

Ms. Jordan moved for approval of the project with the following **CONDITION**: **Limited to three operating rooms and one procedure room**:

Need – The need has been established by the fact that there is not a multi-specialty ASTC in the service area, and the one ASTC in Mt. Juliet, the Agency staff has determined cannot absorb the patient load of Tennessee Orthopedics. A significant number of ASTC patients in the four-county service area have out-migrated to

obtain these services, and the current OR and procedure room cases reported by the surgeons who will be using this ASTC meet the minimum utilization criteria for approval;

Economic Feasibility – The application is economically feasible. It will be funded by a commercial loan and will result in positive operating results;

Healthcare that Meets Appropriate Quality Standards - Regarding the provision of healthcare that meets appropriate quality standards, since this is a new facility, there's no historical quality data to review for compliance, but the applicant does intend to seek accreditation from the Accreditation Association of Ambulatory Healthcare, and it will seek transfer agreements with the two closest acute care hospitals;

Contribution to the Orderly Development of Healthcare - The project does contribute to the orderly development of healthcare in that the four-county service area is designated as medically underserved, and by adding this multi-specialty ASTC, patients in these counties will have access to a less costly alternative to hospital-based surgeries and procedures.

Dr. Fleming seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Gaither, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

Middle Tennessee Imaging, LLC d/b/a Premier Radiology, Clarksville (Montgomery County), TN – CN1605-016

Mr. Ridgway recused.

The establishment of an outpatient diagnostic center and the initiation of MRI services through the acquisition of a fixed MRI unit. The estimated project cost is \$941,648. **OPPOSITION:** Tennova Healthcare-Clarksville.

Warren Gooch, Esq., addressed the Agency on behalf of the applicant.

Speaking in opposition was Jerry Taylor, Esq., on behalf of Tennova Healthcare, Clarksville.

Warren Gooch, Esq., rebutted.

Jerry Taylor, Esq., provided opposition summation.

Chad Calendine, President, Premier Radiology, provided applicant summation.

Dr. Fleming moved for approval of the project based on the following:

Need – The need has been established by their need for further capacity. They've demonstrated need within the community both projected by population growth and future patient need;

Economic Feasibility – The application is economically feasible. The economic factor speaks for themselves and their ability to pay for the cost of the project;

Healthcare that Meets Appropriate Quality Standards - Their quality is well demonstrated by their board certified radiologists and ongoing quality metrics within their group as it stands;

Contribution to the Orderly Development of Healthcare – They are a great example of orderly development of healthcare with regard to their volume and their need for further capacity.

Mr. Grandy seconded the motion. The motion FAILED [4-5-0]. **DENIED.** Per Mr. Christoffersen's request for a member who voted to deny the application to state their reasoning, Mr. Grandy noted imaging services were currently being provided in Clarksville and the Agency did not have the opportunity to examine the needs in the communities in the other 19 counties.

AYE: Harding, Taylor, Fleming, Doolittle
NAY: Jordan, Gaither, Mills, Korth, Grandy

Bartlett ASC, LLC, Bartlett (Shelby County), TN – CN1605-020

Mr. Korth, Mr. Ridgway, and Dr. Fleming recused.

The establishment of a multi-specialty ambulatory surgical center (ASTC) providing outpatient surgery services. The estimated project cost is \$9,837,855.48.

Kim Looney, Esq., addressed the Agency on behalf of the applicant.

Speaking in support were – Owen Tabor, M.D., Saint Francis Hospital Memphis, Audrey Gregory, CEO, Saint Francis Hospital Memphis, and Chris Locke, CEO, Saint Francis Hospital Memphis.

Summation waived.

Mr. Mills moved for approval of the project based on the following **CONDITION: Limited to three operating rooms and one procedure room:**

Need – The multi-specialty ASTC will alleviate overcrowding at the Saint Francis Surgery Center. The Saint Francis Surgery Center is currently at 104.7 percent of capacity in 2015. Currently, there are eight orthopedic specialists and one pain management specialist, and the growth is expected, with the approval of this, to grow to 15 orthopedic surgeons and two pain management specialists which constitutes the need for the three additional new operating rooms and one procedure room. There will be no duplication of services as there are no other multi-specialty ASTCs in the Bartlett area;

Economic Feasibility – The project will be funded from cash reserves from United Surgical Partners International along with several commercial loans. The project's projecting a loss of a little under \$200,000 in year one; however, a profit of \$844,000 is projected in year two and ongoing. The net income will also serve to fund this project;

Healthcare that Meets Appropriate Quality Standards - Regarding the provision of healthcare that meets appropriate quality standards, the applicant will seek accreditation from the Joint Commission Accreditation For Healthcare, along with, they will be licensed by the Tennessee Department of Health;

Contribution to the Orderly Development of Healthcare - The project does contribute to the orderly development of healthcare in that, the applicant projects and meets the standards of 1,867 procedure room cases and 884 operating room threshold by year three. There are no other multi-specialty ASTCs in the proposed service area with Bartlett being the 12th largest city in the state of Tennessee with a 6.7 percent growth rate from 2010 to 2014, this ASTC will provide services to the residents of the Bartlett community. The applicant will also provide a more cost-effective service compared to the same services being provided in a hospital outpatient setting. There is no anticipated impact to other providers in the service area, and drive time for most patients will be under 60 minutes.

Mr. Taylor seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Jordan, Gaither, Harding, Mills, Taylor, Grandy, Doolittle
NAY: None

AxelaCare Health Solutions LLC, Memphis (Shelby County), TN – CN1606-022

Dr. Fleming recused.

The establishment of a home care organization and the initiation of home health services limited to the home infusion of immune globulin pharmaceuticals in 21 West Tennessee counties. The service area includes Benton, Carroll, Chester, Crockett, Decatur, Dyer, Fayette, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Lake, Lauderdale, Madison, McNairy, Obion, Shelby, Tipton, and Weakley Counties. The estimated project cost is \$69,628.

Brant Phillips, Esq., addressed the Agency on behalf of the applicant.

Previously not speaking but responding to agency members questions was Ted Kram, CEO, AxelaCare.

Summation waived.

Mr. Ridgway moved for approval of the project with following **CONDITION: Limited to the home-infusion services and products to patients who need immune globulin medications in 21 west Tennessee counties detailed in the application:**

Need – The applicant indicates physicians and their patients need a provider to provide these specialized infusion services with specially trained and certified nurses that are currently not provided by existing providers. And additionally, the applicable need criteria appear to be met throughout the application;

Economic Feasibility – The project cost of \$69,628 can be funded through cash reserves of AxelaCare Holdings, and the consolidated operations reports positive net operating income in years one and two;

Healthcare that Meets Appropriate Quality Standards - The applicant states appropriate licensure requirements will be obtained, and they will maintain accreditations from the Joint Commission and Utilization Review Accreditation Program. Additionally, they state in the application they'll maintain a robust quality assurance program;

Contribution to the Orderly Development of Healthcare - The applicant intends to develop relationships with current providers to ensure the orderly delivery of this specialized care and provide a service that other providers are simply reluctant to provide.

Mr. Grandy seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Grandy, Doolittle
NAY: None

Trustpoint Hospital LLC, Murfreesboro (Rutherford County), TN – CN1606-024

The addition of 88 hospital beds to the existing 129-bed acute care hospital licensed by the TN Department of Health resulting in a total of 217 licensed beds. The bed breakdown follows: Adult Psychiatric beds will increase from 59 to 111 beds; Physical Rehabilitation beds will increase from 16 beds to 24 beds; Child Psychiatric beds will increase from 0 beds to 14 beds; Adolescent Psychiatric will increase from 0 to 14 beds. The project includes the construction of a new building and renovation of existing facilities. A 32-bed residential care unit (16 adolescent/16 child) that is not subject to CON review will be built and housed onsite and will be licensed separately by the TDMHSAS. The estimated project cost is \$57,320,105.

Graham Baker, Esq., Jeffrey Woods, M.D., CEO, Trustpoint Hospital, and George Matthews, M.D., Trustpoint Hospital, addressed the Agency on behalf of the applicant.

Speaking in support were – Chris Deal, Captain, Rutherford County Sheriffs Department and Gordon Ferguson, CEO, Saint Thomas Rutherford Hospital.

Previously not speaking but responding to members questions was Brian Lordhing, CFO, Trustpoint Hospital.

Summation waived.

Mr. Ridgway moved for approval of the project with the following **CONDITION: Limited to an additional 52 Adult Psychiatric Beds, 8 Physical Rehabilitation Beds, 14 Adolescent Psychiatric beds, and 14 Child Psychiatric beds.**

Need – There are no similar services proposed in the service area of Bedford and Rutherford County, and the applicant is proposing 28 child and adolescent psychiatric beds in a service area where there are currently none, and the current back log that's awaiting admission along with the continued growth of service area certainly supports the need for the project.

Economic Feasibility – The project cost of \$57,320,105 will be funded through third-party financing evidenced by the letter from Bank of America, and the net operating income projected in years two and three indicate financial viability.

Healthcare that Meets Appropriate Quality Standards - Regarding the provision of healthcare that meets appropriate quality standards, the applicant has represented appropriate licensure and accreditation by the Joint Commission will be maintained.

Contribution to the Orderly Development of Healthcare - The project does contribute to the orderly development of healthcare in that, this hospital will maintain the transfer agreement with Saint Thomas Rutherford Hospital, and the project will reduce ER overcrowding resulting from an increase in inpatient psychiatric beds and reduce the excess demand on Middle Tennessee Mental Health Institute.

Mr. Korth seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

Compass Intervention Center, Memphis (Shelby County), TN – CN1606-025

The establishment of a 48 bed inpatient mental health hospital for children and adolescents up to age 18 located at 7900 Lowrance Road, Memphis (Shelby County), TN 38125. The estimated project cost is \$12,152,661. **OPPOSITION:** Saint Francis Hospital, Crestwyn Behavioral Health and Baptist Memorial Hospital-Memphis. **DEFERRED TO DECEMBER MEETING.**

GENERAL COUNSEL'S REPORT

Mr. Christoffersen summarized the following CON modification requests:

NHC/Maury Regional Transitional Care Center, Columbia (Maury County), TN – CN1307-025AE

Request for a 3 month extension, from January 1, 2017 to April 1, 2017.

The establishment of a 112-bed* Medicare skilled nursing home to be known as NHC/Maury Regional Transitional Care Center pursuant to T.C.A. § 68-11-1627, which permits the replacement of one or more currently licensed nursing homes with one single nursing home. The new facility will be created by relocating and replacing the 92-bed NHC Healthcare, Hillview and the 20-bed Maury Regional Hospital Skilled Nursing Unit to an 11 acre site at 5004 Trotwood Avenue, Columbia (Maury County), TN. The estimated project cost is \$18,161,672.

*These beds are not subject to the 2013-2014 Nursing Home Bed Pool.

- On October 23, 2013, the Agency approved the request to approve the certificate of need with an expiration date of December 1, 2015. Because of delays related to zoning approvals, sanitary sewer locations and final approval of schematic drawings, the applicant sought an extension of the expiration date until January 1, 2017 which was granted at the August 26, 2015 Agency meeting. The project has experienced additional delays but was 72% complete in July and construction is projected to be complete by November 11, 2016. While it is possible the project will be complete by the expiration date of January 1, there are concerns regarding installations of furnishings and scheduling final inspections for licensure during the holiday season. Therefore, a 3-month extension is requested.

Dan Elrod, Esq., addressed the agency on behalf of the applicant.

Ms. Jordan moved for approval of the three month extension from January 1, 2017 to April 1, 2017.

Ms. Harding seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

Campbell Clinic Surgery Center, Germantown (Shelby County), TN – CN1208-040AE

Mr. Ridgway recused.

Request for 24 month extension, from January 1, 2017 to January 1, 2019.

- On November 14, 2012, the Agency unanimously approved the request to expand the surgery center, from 5 surgical rooms (4 operating rooms and 1 procedure room) to 10 surgical rooms (8 operating rooms and 2 procedure rooms), on its present site. It will add approximately 21,000 SF of space to the facility. The estimated project cost is \$13,277,258. The facility is licensed by the Department of Health as an ambulatory surgical treatment center. Its services are limited to orthopaedics and pain management.
- On November 19, 2014, the Agency unanimously approved a request for a 24 month extension of the expiration date of the certificate of need, to January 1, 2017, due to 1) assessing needs in light of its acquisition of an additional licensed surgery center, and 2) additional design and approval issues pertaining to the medical office building in which it would be located.
- This request for a 24 month extension is due to the continued design and approval issues pertaining to the medical office building in which it would be located, and zoning change and site plan variances it has obtained. The requested time anticipates the possibility of seeking any necessary modifications of the CON.

Brant Phillips, Esq., addressed the Agency on behalf of the applicant.

Mr. Grandy moved for approval of the 24 month extension, from January 1, 2017 to January 1, 2019.

Ms. Harding seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Gaither, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle

NAY: None

Waynesboro Health & Rehabilitation Center, Waynesboro (Wayne County), TN – CN1411-045A

Request for a 24 month extension, from April 1, 2017 to April 1, 2019.

The relocation and replacement of Wayne Care Nursing Home located at 505 South Main Street, Waynesboro (Wayne County), TN, a 46-bed nursing facility, and the construction of an addition to Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home), a 109-bed nursing facility located at 104 J.V. Mangubat Drive, Waynesboro (Wayne County), TN 38485. The project will combine the two licensed facilities into one licensed nursing facility by closing the 46-bed facility and combining the beds by construction of an addition to the existing 109-bed facility. Upon completion, Waynesboro Health and Rehabilitation Center will house the combined 155-bed nursing facility, which will become dually certified for participation in Medicare and Medicaid and will include an 18-bed designated Memory Care Unit. The service area is Wayne County. The estimated project cost is \$5,658,318.00.

- On February 25, 2015, the Agency unanimously approved the certificate of need with an expiration date of April 1, 2017. The extension is sought primarily due to delays related to architectural and engineering work required to finalize the site development plans and costs, as portions of the initial design proposal created a more challenging construction process than originally anticipated, given some of the limitations of the site. However, the design modifications now anticipated are not expected to increase the overall cost of the project.

Michael Brent, Esq., addressed the agency on behalf of the applicant.

Mr. Taylor moved for approval of 24 month extension, from April 1, 2017 to April 1, 2019, and the change of ownership mentioned in the letter to the Agency.

Mr. Grandy seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle

NAY: None

McKendree Village, Hermitage (Davidson County), TN – CN1202-010AEE and McKendree Village, Hermitage (Davidson County), TN – CN1303-007AE

Request for a 19 month extension, from December 1, 2016 to July 1, 2018.

McKendree Village, Hermitage (Davidson County), TN – CN1202-010AEE -

The addition of thirty (30)* Medicare skilled nursing facility nursing home beds to the 150 nursing home beds it currently operates. Upon Certificate of Need approval and the licensure of this project, McKendree Village will operate a 180 licensed bed nursing home facility. McKendree Village will provide Medicare/Medicaid skilled nursing facility services in these proposed 30 nursing home beds. The estimated project cost was \$1,303,000.00

*Subject to the 2011-2012 Nursing Home Bed Pool.

McKendree Village, Hermitage (Davidson County), TN – CN1303-007AE

The renovation, construction, and partial repositioning of fifty (50) existing dually certified beds in addition to the modification of CN1202-010A approved for thirty (30) dually certified nursing home beds. The nursing

home's licensed bed complement of one hundred eighty (180) beds after implementation of CN1202-010A will not change. The estimated project cost was \$3,808,150.

- On May 23, 2013, CN1202-010A was approved unanimously to add 30 SNF beds to the existing 150-bed facility. On June 26, 2013, CN1303-007A was approved unanimously for additional improvements to the facility with the understanding that both projects would be undertaken as a single construction project. On November 20, 2013, a 13-month extension of the expiration date was requested for CN1202-010A from July 1, 2014 to August 1, 2015 so that it would coincide with CN1303-007A.
- On May 27, 2015, a 16-month extension of the expiration date was requested for both certificates of need from August 1, 2015 until December 1, 2016. McKendree noted before beginning the renovations it was necessary to make significant renovations to the critical plant infrastructure, including replacement of the central mechanical plant, installation of environmental control technology and replacement of failed roofing systems.

Construction delay is detailed in Item 2 of the September 30, 2016 letter on behalf of McKendree Village. Renovations that prompted earlier extension requests due to extensive upgrades or replacements are now complete (roof and mechanical supply systems). Subsequent architectural plan revisions and the bidding and negotiating process for construction services are identified as challenges which resulted in increased prices and lengthened schedules which required value engineering and a redesign to complete the project within a reasonable time period and budget.

Byron Trauger, Esq., addressed the agency on behalf of the applicant.

McKendree Village, Hermitage (Davidson County), TN – CN1303-007AE

Mr. Grandy moved for approval of the 19 month extension, from December 1, 2016 to July 1, 2018.

Dr. Fleming seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

McKendree Village, Hermitage (Davidson County), TN – CN1202-010AEE

Mr. Grandy moved for approval of the 19 month extension, from December 1, 2016 to July 1, 2018.

Mr. Taylor seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

INTERLOCUTORY AGENCY REVIEW

Southern Hills Surgery Center, Brentwood (Davidson County), TN – CN1411-047A

The relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County), TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is \$17,357,832.00.

Southern Hills, Inc. d/b/a Southern Hills Surgery Center seeks Agency Review, pursuant to Tenn. Comp. R & Regs. 1360-04-01-.09(7), of the ALJ's Order denying its Motion for Partial Summary Judgment in the contested case appeal of the Agency's approval of the certificate of need application. Saint Thomas Campus Surgicare, L.P., Baptist Surgery Center, L.P., Baptist Plaza Surgicare, L.P., Franklin Endoscopy Center, LLC,

and Physicians Pavilion, LP are petitioners in the contested case (Docket No. 25.00-131649J) and oppose reversal of the Motion for Partial Summary Judgment denied by the ALJ. **WITHDRAWN**

AGENCY DETERMINATION

CN0707-061A Horizon Health & Rehabilitation Center requested an Agency determination as to whether a certificate of need was required to expand its operations to an adjacent parcel of property.

Ms. Jordan moved for approval to make the determination that the adjacent parcel of property referenced in Mr. West's August 31st, 2016, letter to Mr. Christoffersen be considered as part of the location included in the original CON and did not require a new CON.

Ms. Harding seconded the motion. The motion CARRIED (10-0-0) **APPROVED**.

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

RULEMAKING

Mr. Christoffersen summarized the following:

The Agency will consider changes to its rules, primarily necessitated by the changes to the Certificate of Need statute in Public Chapter 1043, passed this legislative session.

Mr. Grandy moved to adopt these rule changes as permanent rules.

Ms. Jordan seconded the motion. The motion CARRIED (10-0-0) **APPROVED**

AYE: Jordan, Gaither, Ridgway, Harding, Mills, Korth, Taylor, Fleming, Grandy, Doolittle
NAY: None

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

* Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a detailed record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-7412364.

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